

FISCAL NOTE

SB 3198 - HB 3214

March 18, 1998

SUMMARY OF BILL: Authorizes a pilot program allowing six municipal electric systems to offer cable television, internet access, and other similar wire services. The bill prohibits cross-subsidization, requires cost allocations for shared costs, including pole charges and right-of-way fees, and requires the pilot systems to make in-lieu-of-tax payments in the same proportion as private providers. In addition, the local governing body of a municipality whose municipal electric system is selected as a pilot system is required to hold public hearings and to approve the provision of the additional services. The bill also requires the Tennessee Regulatory Authority (TRA) to review applications submitted by the Tennessee Municipal Electric Power Association, select systems for the pilot programs, evaluate the systems' impact on the market and local governments, and make recommendations to the General Assembly on the program.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$85,000

Increase Local Govt. Expenditures - Exceeds \$6,000,000/Permissive
Increase Local Govt. Revenues - Exceeds \$6,000,000/Permissive

Assumes:

- an increase in state expenditures of approximately \$85,000 in the TRA for two positions and related costs for the evaluation and review of systems.
- an increase in local government expenditures for the submission of the application as well as the provision of services by six systems selected for the pilot program and making of in-lieu-of-tax payments.
- an increase in local government revenues from fees charged for the provision of such services, if the local government is selected to be a pilot system.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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